

***"Preparing Americans for Retirement: the Roadblocks to Increased Savings"***

**Joint Hearing of the Senate Special Committee on Aging and the House of Representatives  
Subcommittee on Employer-Employee Relations**

**Statement of Senator John Breaux  
June 2, 1998**

The purpose of today's hearing is to focus on the roadblocks faced by individuals planning for their retirement. Financial planning, saving, and investing have always been challenging, but those challenges have taken on new significance and complexity as retirement security changes. What was once considered a three-legged stool of retirement security has become a structure with multiple pillars of retirement planning, including Social Security, Medicare, private pensions, private health plans, personal savings and investments, and full or part-time work. Individuals, employers, members of Congress, and the Administration must all work together to ensure that these pillars Americans rely upon are sturdy.

The problems we face are real. Looming over all retirement security is America's ticking demographic time bomb that could explode unless we find ways to help Americans save for their retirement. Smaller families, longer life spans and fewer workers are the ingredients of the potential financial crisis.

Today, less than one-third of all Americans have even tried to calculate how much they need to save by the time they retire. And less than 20 percent of all Americans are confident they will have enough money to live comfortably after they retire. For millions of families who live paycheck to paycheck, it's difficult to even think about what might happen 30 or 40 years down the road.

In many ways, our employment-based private pension system has been very successful -- for those who have private pensions. But, roughly 50 million Americans -- almost 50 percent of the private sector workforce -- are not covered by employer-provided plans. Only two-thirds of workers who are eligible actually participate in a 401(k) plan.

In light of these startling facts, it is very fortunate that this week the first of three national summits on personal and private retirement savings will take place. There's probably no better way to highlight the importance of this national issue. That's why Senator Grassley, Representative Fawell, Representative Payne and I sponsored the legislation to create these national forums. The first Savings Are Vital to Everyone's Retirement (SAVER) summit is this week, June 4 and 5. This is where SAVER's massive public education plan begins. Our SAVER efforts not only raise awareness of the responsibility individuals have to plan for their future -- we also focus on giving Americans the tools they need to determine how much personal savings they need to supplement their Social Security. Today's aging committee hearing will capture the intent of the SAVER summit: to educate individuals, to assist employers, and to highlight initiatives from the Department of Labor to promote retirement savings.

This hearing and the SAVER summit are steps in the right direction. All generations -- Generations Xers, baby boomers, and retirees -- have a stake in the debate over retirement security. We owe it to ourselves to work together for a financially secure future. We've made phenomenal strides on the budget deficit in just a few short years. It's now time to focus that same kind of energy and determination on retirement security.

*Sen. Breaux is ranking member of the aging committee, the chief deputy Democratic whip, and chairman of the National Bipartisan Commission on the Future of Medicare.*

